

**State Budget Office
Office of Financial Management
Support Services Division
Internal Audit Program**

R*STARS User Class 48 and User Class 49 Usage

Description

The purpose of this audit program is to ensure compliance with established policies and procedures regarding the use of R*STARS User Class 48 (UC48) or User Class 49 (UC49) and/or transaction code 290 (TC290) or transaction code 295 (TC295). TC290 and TC295 are currently assigned to UC48 and UC49, but these transactions codes may also be assigned to interfaces.

Transactions processed with UC48 and UC49 enable payments to bypass the vendor file and the Department of Treasury's (Treasury) offset and adjustment process. Generally, use of UC48 and UC49 is only permitted if the payment is not 1099 reportable, is less than \$100, and the SSN or FEIN is not available. Examples include award programs; refunding the overpayment for goods, services, or licensing fees; and statutory citation that supports exemption (e.g., payments to recipients of income assistance or Michigan Rehabilitation Services clients). Refer to the State of Michigan Financial Management Guide, Part VIII, [Chapter 4](#) for information on requesting access to UC48 and UC49.

When Treasury and the Office of Financial Management (OFM) approve an agency's request to utilize UC48/UC49, OFM notifies the department which comptroller object(s) to use for the approved transactions, and where applicable, specifies a dollar limit on the individual transactions. Information relating to UC48/UC49 transactions may be queried from the accounting event (AE) tables in MIDB. Also, canned scripts exist in the Clear Access 'Security' script group to retrieve this information.

Risk

There are no system edits to prevent users from:

- Utilizing other comptroller object codes assigned to TC290 and TC295.
- Processing transactions exceeding the dollar limit specified by OFM. The established dollar limit is based on the offset exemption limit approved by Treasury and the IRS 1099 reporting threshold.
- Processing transactions other than those approved for use with UC48 or UC49.

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Objectives

1. Determine if UC48/UC49 is only used to process transactions approved by OFM and Treasury.
2. Determine if UC48 and UC49 (TC290/TC295) transactions are only recorded with the comptroller object codes approved by OFM.
3. Determine if UC48/UC49 transaction amounts exceed the offset exemption limits approved by Treasury.
4. Determine if UC48/UC49 individual and/or combined transaction amounts to a payee exceed the dollar threshold for 1099 reporting.
5. Determine the appropriateness of utilizing UC48/UC49 to generate multiple payments to a payee instead of registering the payee on the State's vendor file.

Audit Steps

1. Determine if program staff have performed any monitoring of UC48/UC49 usage. Review documentation to support this monitoring, such as completion of the Internal Control Evaluation Worksheet – [R*STARS User Class 48 and 49](#) or the MAIN FACS Security Administration Monitoring Checklist (http://www.michigan.gov/documents/checklist_6_15_04_97402_7.doc).
2. Obtain from OFM's Support Services Division's Security Management and Audit Analysis Section, a listing of the types of transactions, comptroller object codes, and dollar amounts the department is approved to use with UC48 and/or UC49.
3. Review the supporting documentation for all or a sample of UC48/UC49 transactions and verify that UC48/UC49 is being used only for those types of transactions approved by OFM and Treasury.
4. Run a script against MIDB to identify transactions processed with TC290 or TC295 for the time period of interest.
5. Compare the listing to the MIDB script results; determine if any unapproved comptroller object codes were used.

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6. Compare the listing to the MIDB script results; determine the propriety of transaction amounts greater than \$100.00.
7. Sort the script results by payee and compare the listing to the MIDB script results; determine the propriety of transaction amounts greater than the dollar threshold for 1099 reporting for individual payments and multiple payments to the same payee.
8. Analyze multiple payments to the same payees and/or perform trend analysis over a period of time to determine if payees should be registered on the vendor file instead of receiving payments via UC48/UC49 transaction processing.
9. Determine if exceptions noted above need to be processed in the future using UC48 or UC49. If so, refer to Section 6.2.5 of the ADPICS/R*STARS Security Manual for guidance on how to formally request approval to use UC48 or UC49 for processing such transactions.
10. Notify the Agency Security Administrator if UC48 or UC49 should be removed from a user's R*STARS security.